

## Message Text

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43

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R 051555Z JAN 76

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 3597

INFO AMEMBASSY RABAT

AMEMBASSY PARIS

AMEMBASSY TRIPOLI

AMEMBASSY TUNIS

UNCLAS ALGIERS 0014

E.O. 11652: N/A

TAGS: MCAP, ECON, ECRP, AG

SUBJ: INCREASE IN ALGERIAN DEFENSE EXPENDITURES

1. SUMMARY: ALGERIA WILL BOOST DEFENSE EXPENDITURES BY 25 PERCENT IN 1976, AND MAY MOVE TOWARD LESS INVOLVEMENT IN ARMY IN DEVELOPMENT. END SUMMARY.

2. ALGERIAN BUDGET FOR 1976, RELEASED ON JANUARY 3, CONTAINS FOLLOWING PORTION RELATIVE TO DEFENSE EXPENDITURE:

"FOR THE FIRST TIME IN ELEVEN YEARS, THE MINISTRY OF NATIONAL DEFENSE WILL SEE A SIGNIFICANT INCREASE IN ITS FUNDS. THE BUDGETARY ALLOCATION OF THIS MINISTRY IN 1976 WILL INCREASE BY 20 PERCENT (SIC) OVER 1975. FOR MORE THAN A DECADE, MILITARY EXPENDITURES HAVE BEEN SQUEEZED BY THE GOVERNMENT SO AS TO DEVOTE THE MAXIMUM AMOUNTS OF RESOURCES TO THE ECONOMIC AND SOCIAL DEVELOPMENT OF THE NATION. FURTHER, THE ARMY HAS DEVOTED A LARGE PART OF ITS MEANS TO CONSTRUCTION IN BUILDING ROADS, VILLAGES, AND FACTORIES, IN WORKING

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AGAINST EROSION AND THE INVASION OF SAND, IN TRAINING

TECHNICIANS ON BEHALF OF THE NATION, AND IN EDUCATING AND GIVING SKILLS TO A LARGER AND LARGER PORPORTION OF THE YOUTH CALLED INTO THE NATIONAL SERVICE, WHICH IS IN OUR COUNTRY ABOVE ALL AN APPRENTICESHIP TO MODERN ECONOMIC LIFE.

3. " THE MOMENT HAS NOW COME TO GIVE OUR ARMY THE MEANS TO ASSUME ITS MISSION OF DEFENSE OF THE COUNTRY AND ITS REVOLUTION. TO THIS END, IT WILL HAVE THE FUNDS THAT IT HAS LACKED UP UNTIL NOW, SINCE FOR THE FIRST TIME IN 1976 ITS BUDGET WILL BE INCREASED AT THE SAME RATE AS MINISTRIES IN THE EDUCATIONAL AREA."

4. IN 1975, ALGERIAN BUDGETED \$257.5 MILLION FOR DEFENSE. UNDER THE NEW BUDGET, THIS AMOUNT IS SLATED TO RISE TO \$322 MILLION, AN INCREASE OF \$64.5 MILLION OR 25 PERCENT. TOTAL MILITARY SPENDING FOR 1976, HOWEVER, REMAINS LESS THAN 10 PERCENT OF THE OPERATIONAL BUDGET AND ONLY AMOUNTS TO 5 PERCENT OF PLANNED DEVELOPMENT INVESTMENT FOR 1976.

5. COMMENT: PUBLIC BUDGET PRESENTATION NOT NECESSARILY BEST GUIDE TO AMOUNT ALGERIANS SPENDING FOR DEFENSE. ACCORDING TO KNOWLEDGEABLE LOCAL SOURCES, FOR EXAMPLE, GOA RAISED MILITARY SPENDING BY 65 PERCENT IN 1968 AND BY 18 PERCENT IN 1974, THUS CONTRADICTING STATEMENT THAT THIS IS FIRST SIGNIFICANT RISE IN 11 YEARS (PARA 1).

6. THREE INITIAL CONCLUSIONS DO, HOWEVER, SUGGEST THEMSELVES FROM BUDGET STATEMENT:

- A. DOLLAR AMOUNT OF INCREASE IN DEFENSE SPENDING IS SMALL AND INDICATES LITTLE CHANGE IN ALGERIA'S EMPHASIS ON ECONOMIC DEVELOPMENT.
- B. ARMY MAY BE LESS INVOLVED IN ECONOMIC DEVELOPMENT ACTIVITIES IN FUTURE.
- C. INCREASE MORE IMPORTANT SYMBOLICALLY THAN IN REAL TERMS AND PROBABLY SHOULD BE VIEWED IN TERMS OF REGIME'S SAHARA CAMPAIGN.

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7. HARD TO IMAGINE THAT FIGURE INCLUDES PURCHASE OF MILITARY HARDWARE. REPORTED RECENT ARMS DEAL WITH USSR, FOR EXAMPLE, SAID TO BE WORTH \$400-500 MILLION AND HARDWARE ACQUIRED EARLIER PRESUMABLY BEING PAID FOR AS WELL.

8. ANALYSIS OF OTHER PARTS OF BUDGET FOLLOWS.  
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